

FOR IMMEDIATE RELEASE

DLCA MONITORS GAS PRICES AND URGES CONSUMER ACTION

(August 24, 2015, St. Thomas, US Virgin Islands) The Department of Licensing and Consumer Affairs is monitoring the historic fall in the price of oil, down more than 50 percent in less than a year. Some predict that prices could actually drop to \$35 per barrel, down from more than \$105 last summer. Currently the price per barrel of oil is estimated at \$38. This decrease in price should have translated to a savings at the pump for the retail consumers of gasoline in the Virgin Islands. Unfortunately, such is not the case especially in the island district of St. Croix. The Department of Licensing and Consumers Affairs has been and remains very concerned with the general lack of savings to the consumer of gasoline in the territory.

“On the national level, gasoline prices have dropped more than a dollar a gallon at the pump over the last year because of the oil prices,” the United States Energy Information Administration said in January. Europeans and consumers around the world are enjoying similar benefits. The latest drop in energy prices—regular gas nationally now averages around \$2.65 a gallon, compared with \$3.45 a year ago—is also disproportionately helping lower-income groups, because fuel costs eat up a larger share of their more limited earnings.

In St. Croix, the average price of a gallon of regular gas was \$3.65 per gallon in January of 2015. Today, that price remains constant at \$3.39 for the past three months, a mere 26 cent decrease. This has been the case since March of 2015, despite the aforementioned downward trend. And while there seems to be a greater disparity in prices at the pump in St. Thomas, and thus more choices for the consumer, the situation in St. Croix is that every station across the island is priced the same at \$3.39. This is a free market economy, but essential to the free market system is competition which provides choices to the consumer. With no competition, the consumer is left with no choice as where to purchase.

In April of 2015, the Department of Licensing and Consumer Affairs released an analysis of gas prices on St. Croix. The study revealed the extent to which retailers of gas were realizing healthy profits while paying less for their gas purchases from the wholesaler. It was clear that corresponding savings were not being passed on to the Virgin Islands consumer. This practice continues to the detriment of the consumer who should benefit from the savings the retailer realizes as the price of gas decreases. A decrease in gas prices also translates to a decrease in shipping costs that retailers pay to import the fuel. It also decreases the electrical power costs of the retailer. Thus the retailers benefit from additional savings that should be passed on to the consumer in the price at the pump.

This is not taking place.

The Virgin Islands Code provides the Department of Licensing and Consumer Affairs with the statutory duty to educate and guide consumers in the best use of their income and to promote on behalf of consumers, fair and honest practices of commerce and industry in business' transactions with consumers. This information is provided to do just that.

Armed with such information, consumers must make wise informed decisions on spending their money. As an example, many if not all gas stations in the Virgin Islands have mini-marts as an added amenity. While the consumer may not have much choice where to buy their gas, they certainly can choose to not patronize other aspects of a gas station's business.

Consumers must exercise the power they have to make choices as to where and how they spend their hard earned money. In the absence of ethical business practices by some, consumer action can help ensure the consumer gets treated fairly in the marketplace. Rest assured that the Department of Licensing and Consumer Affairs is poised to take further action authorized by statute to bring relief to the consumer of the Virgin Islands.

The Department of Licensing and Consumer Affairs at the following numbers: 713.3522 on St. Croix; 714.3522 on St. Thomas.

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